

VZCZCXYZ0018
PP RUEHWEB

DE RUEHVI #1666/01 1721250
ZNR UUUUU ZZH
P 211250Z JUN 07
FM AMEMBASSY VIENNA
TO RUEHC/SECSTATE WASHDC PRIORITY 7716
RUEKJCS/OSD WASHDC PRIORITY
RHEHAAA/WHITEHOUSE WASHDC PRIORITY

UNCLAS VIENNA 001666

SIPDIS

SIPDIS

DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A
TAGS: [OPRC](#) [KPAO](#) [AU](#)

SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: June 21, 2007

EU Leaders to Discuss New Treaty

1. EU heads of government are preparing to meet in Brussels today to discuss a treaty to help the union work more effectively. A draft tabled by Germany recommends deep reforms, but not a constitution - an idea rejected by French and Dutch voters two years ago. Whether progress can be made at the summit remains to be seen, as Britain, and Poland in particular, have repeatedly voiced their opposition to some aspects of the proposal. According to the media, Austria's position in Brussels is to try and preserve as much of the original constitutional draft as possible. Austrian Chancellor Alfred Gusenbauer told ORF radio he hopes that "ultimately, reason will prevail" in the debate.

Austrian media report on the German proposal to EU states that they should drop the idea of a constitution at the summit beginning in Brussels today. According to ORF radio, a paper circulated by Germany as current EU President says the constitutional concept is abandoned, but recommends deep reforms to streamline decision-making in the EU. Poland and Britain continue to warn that they could veto progress on a new treaty unless changes are made to the current draft. In an interview with mass-circulation provincial daily Kleine Zeitung, Austrian Foreign Minister Ursula Plassnik said that despite the tensions, she is "optimistic" regarding the outcome of the summit, although "we still have a lot of work ahead of us." However, "it won't do to make the 'problem children' publicly look like fools. We can only find a solution, if we work together. Only together can we make progress. It is therefore also in our interest to try and understand the concerns of countries like Poland." Plassnik warned that "creating a rift within Europe won't get us anywhere; it is not the formula for European integration. Europe's power does no lie in division, but in cooperation." Meanwhile, in an interview with mass-circulation tabloid Oesterreich, Austrian Chancellor Alfred Gusenbauer said he expects a "particularly difficult summit. Key questions remain unresolved. But we will take the time that is necessary for a compromise." Regarding Poland, he explained he "understand Warsaw's position in principle. The EU is based on shared sovereignty, though. Thus, Poland's call for solidarity works both ways, and it is solidarity with the European project that is required these days. We need a European Union that is able to act and that is in touch with the people."

US Warns Government and OMV against Iran Deal

2. All major Austrian media report on a PAS-facilitated backgrounder with high-ranking US Embassy representatives, who explained to journalists in Vienna on Wednesday the US concerns over OMV's planned large-scale gas deal with Tehran. "Rather intensive" and

"high-level talks" have been held with the Austrian government and OMV in order to convince the Austrians of the political implications, should they go ahead with the deal. Furthermore, international concerns over Iran's nuclear ambitions make the timing of the deal highly questionable, the US diplomats said. Applying the Iran Sanctions Act would be "a last resort," however, they added. ORF online news, sourcing Austrian Press Agency APA, reports that "following the first warnings from Washington, high-ranking US government representatives have now traveled to Vienna to repeat the threat of sanctions, should the Austrian energy provider go ahead with the planned deal."

Reporting like all major Austrian media on the PAS-facilitated backgrounder with high-ranking US Embassy representatives, who discussed Washington's position regarding the OMV's planned gas deal with Iran with journalists in Vienna, semi-official daily Wiener Zeitung headlined "USA increasing pressure on OMV." Washington won't tolerate any deviation from the economic boycott aimed at forcing Iran to its knees in the dispute over its nuclear ambitions, the daily added. Concern over the possibility that OMV could be doing the ground work for other energy companies, including Shell, Total or Repsol, which are only waiting for someone to break the blockade against Iran, might have provoked Washington's explicit warning, the Wiener Zeitung suggested.

Likewise, mass-circulation tabloid Kronen Zeitung said the US "is threatening to punish OMV." The Americans are "pestering OMV over its planned gas deal with Iran. The project is immoral; it threatened the reputation of the energy company, and must not be pushed through, because otherwise OMV could be punished. The Austrian energy provider has meanwhile dismissed the criticism, saying that all laws were being observed," the Kronen Zeitung wrote. The tabloid quoted a US Embassy diplomat as emphasizing that "you can't just say 'business is business' in Iran's case." Liberal daily Der Standard stated that the US wants to get OMV to abandon its planned gas deal with Iran and has warned that "OMV's reputation could suffer." The "high-ranking US diplomats had to admit that the US does not have much to go on against OMV's interests in Iran," the daily wrote. Still "should all US talks with the Austrian government and OMV fail to bear fruit, should the preliminary agreement become a binding contract and money be transferred, the first-ever application of the Iran Sanctions Act could be an option," which could damage OMV's reputation, the Standard quoted the US Embassy representatives.

Centrist daily Die Presse headlined "US wants to 'blacklist' OMV," and suggested that although the United States has said it could impose sanctions against OMV, should the energy provider go ahead with its large-scale business deal with Iran, these warnings are "barely more than empty threats. Washington has urged OMV to agree to a break in negotiation with Tehran, pointing to the boost the deal could give Iran's regime at a critical stage in the international community's efforts to motivate Tehran to abandon its nuclear program. However, the US government is well aware that the dispute with OMV is of a symbolic rather than factual nature: They don't want to be accused of having done nothing, should the OMV's new business partner Iran suddenly turn out to have acquired nuclear weapons," the Presse argued.

Mass-circulation daily Kurier quoted the US Embassy representatives as stressing that "we do not want the Iran deal to proceed." It is the "wrong project at the wrong time in the wrong place: After all, the regime in Tehran supports international terrorism, ignores human rights, and is blithely pushing ahead with its more than questionable nuclear program." Although the "Iran Sanctions Act has never been applied so far, it could become more than just an idle threat, given that both the US Republicans and the Democrats have been calling for tougher economic sanctions against Iran and its business partners, and are busily working on a new draft law," the Kurier said.

Meeting Planned Between Abbas and Olmert

13. Movement seems to be possible in the deadlocked Middle East peace process with a planned meeting between Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert in Egypt next week. A proposal has also been submitted to nominate a new special envoy for the Middle East. According to US media reports, outgoing British Premier Tony Blair could be appointed to the job. Meanwhile, President Abbas has condemned the militant group Hamas as "murderous terrorists and coup plotters" in response to the group's takeover of

Gaza last week. In his first speech since the takeover, Abbas ruled out talks with Hamas, but underscored the crisis should not prevent peace negotiations with Israel. Hamas has reacted angrily, with the group's leader in Lebanon dismissing Abbas' speech as "full of lies," wrote liberal daily Der Standard.

Taliban to Target Kabul

14. The Taliban in Afghanistan are now changing their strategy to target the capital Kabul according to a spokesperson for the militants. In an interview with British news network BBC, the spokesperson said the Taliban were recovering after NATO had infiltrated the group and killed some of its leaders, and added that his group is now adopting the same tactics as insurgents in Iraq, according to ORF radio early morning news Morgenjournal.
Kilner